ITASCA COUNTY

GARRETTOUS LAND COMMISSIONER

Itasca Count)- Land Department 1177 LaPrairie Avenue Grand Rapids, MN 55744-3322 218-327-1855 -Fax218-327-4160



April 14, 2008

RE: Itasca Count)' Regional Rail Authority Finance Docket No. 34992 Decision ID. 438849

Kenneth Blodgett Project Manager Surface Transportation Board Patriots Plaza, 395 E Street SW Washington DC 20433

Dear Mr. Blodgett:

Itasca County (IC) and the Itasca County Regional Rail Authority (ICRRA) wish to comment on the Environmental Assessment for the ICRRA Petition for Exemption Construction of a Line of Railroad in Itasca County, Minnesota. This project and the Minnesota Steel Industries, LLC (MSI) project near Nashwauk, Minnesota are important economic developments for Itasca County and northeastern Minnesota, ttasca County and its Rail Authority have been supportive of these projects for several >ears and look forward to seeing construction started.

MS! has completed their environmental investigation and have secured the necessary permits to begin construction in June of 2008, The STB's EA is an important step in the ICRRA process of getting their necessary permits.

We have the following comments on the Environmental Assessment, dated March 28, 2008:

- 1) The County and the Rail Authority are in agreement that Alternative 2 is the least environmentally damaging alternative. The County and the Rail Authority will continue during the design process to use the best practices and design features to further reduce the environmental impact during construction and operation.
- 2) The County and Rail Authority support your recommendation that an Environmental Impact Statement will not be needed,
- 3) Based on further engineering design that has been running parallel to the EA process, the westerly terminus will be located one half mile east of County Road 7. This will eliminate the need to cross the unnamed tributary of Holman Lake (page 2-12), eliminate the need to modify the CN bridge over County Road 7 and the track will be shortened by approximately .5 miles.
- 4) Based on further engineering, a more favorable alignment is being studied that will encroach on a northwest corner of the Hill Annex State Park. ICRRA have been in discussions with the Minnesota Department of Natural Resources (MnDNR) about leasing approximately 1 acre of Park land for the Railroad track. Attached is a letter from the MnDNR regarding these discussions. The revised alignment is being studied to reduce wetland impacts and avoiding an abandoned iron ore mine The Hill Annex State Park is a unique in the Minnesota State Park system because the land is a former iron ore mine and ftiture mining is an approved activity. MSI has approximately 160 acres of Park land under their mining lease.

5) Itasea County and the Rail Authority appreciate the efforts of the STB and the Section of Environmental Analysis in getting this project approved and look forward to a final authorization to construct the project.

Sincerely,

Mark Mandich, Chairman

Itasca County Regional Rail Authority' 0CRRA)

And

Chairman,

Itasca County Board of Commissioners

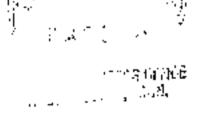
Minnesota Department of Natural Resources

500 Lafayette Road • St. foul, MN • 55155-403/



March 25,2008





Dear Chairman Mandich:

My staff has informed me that the Department of Natural Resources has been asked whether it will be feasible for a section of rail line to cross through the northeast corner of Hill Annex State Park (see attached map) and extend into the Minnesota Steel mine permit area.

The Division of Parks has reviewed this proposal and finds that there would be minimal operational impacts to park property. We have connected with the State Historic Preservation Office regarding this project They are aware of the proposal and are in consultation with the Surface Transportation Board on its progress. The process will include a Section 106 review, to include the portion traversing Hill Annex State Park, as indicated in the National Historic Preservation Act. If the Surface Transportation Board approves the line, the National Historic Preservation Act concerns will have been addressed and it would be possible to grant a lease or easement for the rail corridor through the park.

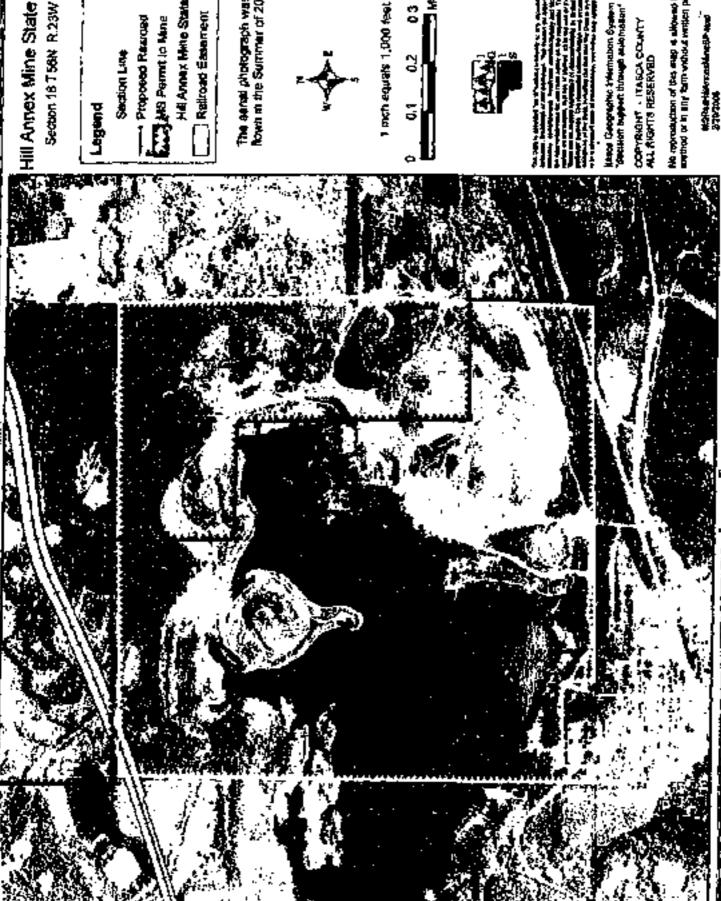
The DNR's Northeast Regional Office is currently reviewing resource concerns in the crossing of all state-owned lands by the proposed rail line, and consistent with Laws of Minnesota, 1988; Gh, 886, Art. 1, Sec. 53, the lease or easement will address compensation for the encumbrance of mineral rights to the school trust fund lands.

Sincerely,

Mark Moisten Commissioner

Jack Muhar, Itasca County Attorney
Dave Christy, Itasca County Engineer
Marty Vadis, LAM Director
Courtiand Nelson, Parks & Recreation Director
Craig Engwall, Northeast Regional Director

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Hill Annex Mine State Park

HA Annex Mane State Park Retroad Essertent ** HB Permit to Mine - Proposed Regross

The served photograph was Noven in the Summer of 2005



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